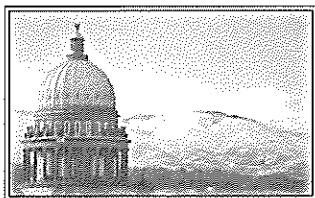




# State of Idaho Internal Control Report

Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in accordance with Government Auditing Standards

Fiscal Year 2010



# Legislative Services Office Idaho State Legislature

*Serving Idaho's Citizen Legislature*

Jeff Youtz  
Director

January 31, 2011

Honorable C.L. "Butch" Otter, Governor  
Honorable Members of the Legislature  
Honorable Donna M. Jones, State Controller

We are pleased to submit the State of Idaho *Internal Control Report* as it relates to our audit of the statewide *Comprehensive Annual Financial Report (CAFR)* covering the fiscal year ended June 30, 2010. This *Internal Control Report* is an integral part of the *CAFR* audit process and is required by *Government Auditing Standards* issued by the Comptroller General of the United States.

These standards require that we consider the internal control over financial reporting and disclose weaknesses that could have a material effect on the financial statements. We are also required to perform and disclose the results of tests of compliance with certain laws, regulations, and other requirements that could have a direct and material effect on the financial statement amounts.

The results of our audit identified six weaknesses in internal control. Although the risk of misstatement exists as a result of these issues, none of these weaknesses resulted in material misstatements that were not corrected as a result of the audit. As such, we were able to issue an unqualified opinion on the financial statements.

For your convenience, we have inserted the applicable portion of the agency's response after each issue and included the entire responses in Appendix A.

This report is available on our website at [www.legislature.idaho.gov](http://www.legislature.idaho.gov), and the *CAFR* can be obtained from the Idaho State Controller's Office on its website at [www.sco.idaho.gov](http://www.sco.idaho.gov) or by calling 208-334-3100.

Sincerely,

Don H. Berg, CGFM, Manager  
Legislative Audits Division

Mike Nugent, Manager  
Research & Legislation

Cathy Holland-Smith, Manager  
Budget & Policy Analysis

Don H. Berg, Manager  
Legislative Audits

Glenn Harris, Manager  
Information Technology

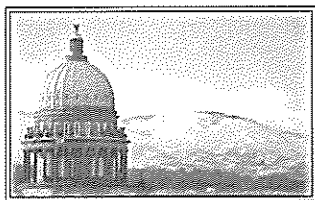
Statehouse, P.O. Box 83720  
Boise, Idaho 83720-0054

Tel: 208-334-2475  
[www.legislature.idaho.gov](http://www.legislature.idaho.gov)

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# Legislative Services Office

## Idaho State Legislature

*Serving Idaho's Citizen Legislature*

Jeff Youtz  
Director

December 3, 2010

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Honorable C.L. "Butch" Otter, Governor  
Honorable Members of the Legislature  
Honorable Donna M. Jones, State Controller

We have audited the basic financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Idaho, as of and for the fiscal year ended June 30, 2010, that collectively comprise the State's basic financial statements, and have issued our report thereon dated December 3, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors have audited the financial statements of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho and their respective component units, and the Endowment Fund investment Board, State Lottery Commission, Public Employees Retirement System of Idaho, Public Employees' Deferred Compensation Plan, Idaho Judges' Retirement Fund, IDeal Idaho College Savings Program, Idaho Individual Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Petroleum Clean Water Trust Fund, Idaho Building Authority, Bond Bank Authority, and the Idaho Housing and Finance Association as described in our report on the State of Idaho's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported separately by those other auditors. The financial statements of the Idaho Housing and Finance Association, Idaho State University, University of Idaho, Eastern Idaho Technical College Foundation, Boise State University Foundation, Idaho State University Foundation, and the Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*.

### ***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the State of Idaho's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *Schedule of Findings and Responses*, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

Mike Nugent, Manager  
Research & Legislation

Cathy Holland-Smith, Manager  
Budget & Policy Analysis

Don H. Berg, Manager  
Legislative Audits

Glenn Harris, Manager  
Information Technology

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying *Schedule of Findings and Responses* to be material weaknesses: 10S-1 and 10S-2.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying *Schedule of Findings and Responses* to be significant deficiencies: 10S-3, 10S-4, 10S-5, and 10S-6.

#### ***Compliance and Other Matters***

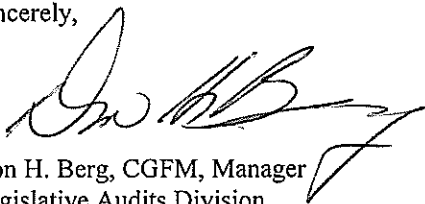
As part of obtaining reasonable assurance about whether the State of Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the State of Idaho in a separate correspondence issued at the State agency level.

Responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Responses*. We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of the State of Idaho, the Governor, members of the Idaho State Legislature, federal awarding agencies, and pass-through entities, and is not intended to be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a stylized flourish at the end.

Don H. Berg, CGFM, Manager  
Legislative Audits Division

**STATE OF IDAHO  
INTERNAL CONTROL REPORT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010**

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**HEALTH AND WELFARE, DEPARTMENT OF**

- 10S-1 Medicaid claims payable and related federal grants receivable were underreported.
- 10S-2 Medicaid provider payments of \$2.5 million did not identify specific claims or include proper coding in the accounting system.
- 10S-3 Critical system reconciliations have not been completed on a timely basis.
- 10S-4 Adequate documentation to support \$47,000 of Medicaid expenditures was unavailable.
- 10S-5 Adjustments to revenue transactions are not always properly documented.

**TREASURER, OFFICE OF THE STATE**

- 10S-6 One security was misclassified in the investment pool closing package schedule.

STATE OF IDAHO  
INTERNAL CONTROL REPORT  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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HEALTH AND WELFARE, DEPARTMENT OF

FINDING 10S-1

Medicaid claims payable and related federal grants receivable were underreported. The Department reports to the State Controller's Office the amount of Medicaid claims payable and federal grants receivable at year-end to be included in the CAFR.

Medicaid claims payable were understated by approximately \$15 million because of a miscalculation in the amount of Medicaid claims withheld from the payment system in fiscal year 2010. Federal grants receivable were also understated by approximately \$12 million.

The Department changed the process for estimating payables due to a lack of available information. In June 2010, the Department implemented the new Medicaid Management Information System (MMIS) for Medicaid claims management. Molina Medicaid Solutions manages this claims processing system. The new system did not provide the same reports, and the Department was unable to properly identify costs to complete the estimate as it had in the past. As a result, the estimate was based on an average increase in Medicaid claims multiplied by the prior year Medicaid claims payable.

Additionally, payments of approximately \$89 million for Medicaid services provided in June 2010 were withheld due to budget shortfalls. However, the Department did not include these withheld payments in the payable estimate submitted to the State Controller.

The Department submitted corrected information for the Medicaid claims payable and federal grants receivable to the State Controller's Office. However, these errors indicate a weakness in the review process and the need to ensure amounts reported are complete and reasonable.

RECOMMENDATION

We recommend that the Department strengthen the review process and compare estimates to actual activity to ensure that Medicaid claims payable and related grants receivable are properly calculated and reported.

**AGENCY'S CORRECTIVE ACTION PLAN**

*The Department agrees with this finding. The Department reviewed our method for estimating Medicaid claims payable at year end with the auditor and they recommended increasing the estimate from the Department's estimate of \$197 million to \$212 million. The Department agreed that the auditor's method was more accurate so the Department increased the estimated Medicaid payables by \$15 million.*

STATE OF IDAHO  
INTERNAL CONTROL REPORT  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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FINDING 10S-2

Medicaid provider payments of \$2.5 million did not identify specific claims or include proper coding in the accounting system. The Department implemented the new MMIS systems for Medicaid claims processing on June 1, 2010. Several processing issues arose and resulted in some provider payments coded to a miscellaneous payment code rather than the specific service type code. Many of these payments were based on estimates, rather than the actual claims submitted, to address cash flow issues for providers who had not received payments as a result of the new system.

As of June 30, 2010, the amount of miscellaneous payments not reconciled to actual claims was \$2,517,409, and data was not readily available to ensure that these payments were for allowable expenditures to Medicaid. In November 2010, the Department began to reconcile both "interim payments" and other miscellaneous payments to the actual claims submitted and establish a recoupment process, but this has not been completed and the amount not yet reconciled continues to grow.

RECOMMENDATION

We recommend that the Department reconcile miscellaneous payments to provider claims and correct the coding in MMIS to indicate the actual service type provided. We also recommend it resolve any under or overpayments resulting from estimated claim payments.

**AGENCY'S CORRECTIVE ACTION PLAN**

*The Department agrees with this finding. Payments coded to Task Code 2990 (Miscellaneous Claims) fall into multiple categories as noted below:*

Claims - Claims data sent from the MMIS to the State's accounting system are defaulted to FISCAL Task code 2990 when the Category of Service/FISCAL Task coding structure needs to be updated in the MMIS Financial system. The MMIS Financial team monitors COS/FISCAL Task Code activity weekly to evaluate causes for the incorrect coding and makes appropriate system changes in order to prevent future occurrences. A corrective action plan for adjusting incorrect COS/TASK coding is scheduled for execution during fiscal year 2011.

Interim Payouts - All interim payouts to providers, including Rotary Sight Draft requests, were coded to FISCAL Task 2990 (Medicaid Default). Work is currently underway to recover, monitor, and report weekly on recovery efforts for interim



STATE OF IDAHO  
INTERNAL CONTROL REPORT  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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*payouts. Types of recoveries for interim payouts include: payout returned by the provider, cash payments, and claims adjustments.*

*Non Claims - Some Medicaid capitation payments were coded to FISCAL Task 2990 (Medicaid Default) due to data entry errors by the MMIS contractor where the task code structure was correctly mapped in the MMIS, but not used. The MMIS Financial team will oversee and monitor manually generated capitation payments to prevent future incorrect entries. In addition, corrective actions will be initiated during fiscal year 2011, to adjust the incorrect coding.*

**FINDING 10S-3**

Critical system reconciliations have not been completed on a timely basis. The Department has complex processes involving several independent automated systems uploading data to an overall accounting system called FISCAL. Data in the FISCAL system is then summarized and uploaded to the statewide accounting system STARS. A critical internal control in these processes is the preparation of reconciliations and the use of other techniques to ensure that data has successfully and accurately uploaded in each system. We noted that reconciliations and other procedures have not been completed for several months.

For example, receipts recorded in the FISCAL accounting system for the child support program have not been reconciled to the "ICSES" child support case management system since May 2010. A daily reconciliation of these two systems has not been completed since the assigned employee was laid off. This duty was reassigned, but as of December 2010 no reconciliations have been completed. This reconciliation is essential to ensure that all funds received are appropriately accounted for and entered into the case management system.

In addition, the monthly reconciliation between the Department's FISCAL system and the statewide STARS system has not been completed on a timely basis. The reconciliation for June 2010 was not completed for six months, which increases the risk that errors or omissions could go undetected and reduces the overall reliability and usefulness of the financial information.

**RECOMMENDATION**

We recommend that the Department complete system reconciliations in a timely manner to ensure that all financial activity is properly recorded.

STATE OF IDAHO  
INTERNAL CONTROL REPORT  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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**AGENCY'S CORRECTIVE ACTION PLAN**

The Department partially agrees with this finding. Despite employee turnover that created a delay in certain monthly reconciliations, the Department continued to perform critical daily system reconciliations that affected Agency cash and client benefits to ensure that the multiple financial systems were current and in sync. Those reconciliations that were less critical were postponed until the employees assigned to perform this duty were fully trained. Currently, the Department has prioritized all reconciliations that are not current and intends to investigate the best way to automate to insulate the impact from future employee turnover.

**FINDING 10S-4**

Adequate documentation to support \$47,000 of Medicaid expenditures was unavailable. Federal regulations require the Department to maintain a financial management system that provides adequate documentation and records to reduce the risk of error or improper payments.

Three Medicaid transactions totaling \$47,000 were selected for testing but could not be traced to specific claim information or other appropriate support. We made several requests of Medicaid staff to review the supporting documentation for these payments and received some partial information, but the amounts did not agree, and no evidence was available to confirm that the available documents were related to the selected expenditures.

**RECOMMENDATION**

We recommend that the Department and the Division of Medicaid improve recordkeeping and maintain adequate documentation for all Medicaid costs to ensure payments are made to eligible providers for eligible client costs.

**AGENCY'S CORRECTIVE ACTION PLAN**

The Department agrees with this finding. These expenditures are for system generated claims and the documentation in support is from multiple source files. We are in the process of gathering the appropriate documentation and will provide it to the auditors when it is available.

**FINDING 10S-5**

Adjustments to revenue transactions are not always properly documented. The Department makes revenue adjustments to more clearly identify amounts to appropriate programs and grants. For example, federal revenue for the Medicaid program is initially coded

STATE OF IDAHO  
INTERNAL CONTROL REPORT  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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to a generic grant code and then adjusted at month-end to move amounts to specific programs. The adjusted amounts are then used to identify the activity for financial and grant reporting purposes.

The Department uses a report from the FISCAL accounting system to identify revenue amounts that need to be adjusted and the programs affected. We tested 20 revenue adjustment transactions and identified six (30%) totaling more than \$5.5 million where the FISCAL report was not available and could not be re-created by the Department. As a result, we are unable to ensure that adjustment amounts were recorded promptly or accurately, which could affect the accuracy of the financial and grant reports issued to the federal grantor.

**RECOMMENDATION**

We recommend that the Department retain all documentation for adjustments to revenue transactions to ensure the amounts are properly supported and accurate.

**AGENCY'S CORRECTIVE ACTION PLAN**

*The Department agrees with this finding. The Department has supporting documentation for five of the six revenue transactions identified in the audit. However, this supporting information was not always filed with the revenue transaction.*

*The underlying support for the remaining transaction would be difficult to re-create, but would be possible. For future revenue transactions, we will attach the supporting documentation and explanations to the transaction.*

**TREASURER, OFFICE OF THE STATE**

**FINDING 10S-6**

One security was misclassified in the investment pool closing package schedule. The credit quality schedule, included in the original Local Government Investment Pool closing package submitted to the State Controller's Office, contained a \$46 million security with an unsupported rating. The original closing package support showed the security rated as "A" at June 30, 2010. However, the Office included the security with the "Aa" rated securities. The basis for this decision was that the "A" rating had been withdrawn. The supporting documentation of the withdrawn rating was not included with the original closing package, and it did not indicate the rating was withdrawn as of fiscal year end.

Government accounting standards require investments with split ratings to be reported with the rating indicative of the greatest degree of risk.

STATE OF IDAHO  
INTERNAL CONTROL REPORT  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010

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After our review, the Office submitted an updated closing package to the State Controller's Office including the security in the "A" column.

RECOMMENDATION

We recommend that the Office strengthen the process for completing closing packages to ensure that reported ratings are properly supported.

*AGENCY'S CORRECTIVE ACTION PLAN*

*During the process of preparing the closing package, the Treasurer's Office identified a security that had received ratings of A and AA by two different rating agencies. During the closing package preparation process, we viewed additional supporting documentation that the A rating was withdrawn and the security maintained only an AA rating. The Treasurer's Office determined that the AA rating was the only applicable rating and used this rating in the initial closing package.*

*This additional documentation was inadvertently not included in the initial supporting documentation provided to the legislative auditors. It was subsequently provided to the auditors upon their request.*

*In response to questions raised by the auditors and subsequent discussions as to which rating was the most accurate, the Treasurer's Office resubmitted the closing package with the security rated as an A.*

# APPENDIX A

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Responses from Agencies to the Findings and Recommendations in this Report



IDAHO DEPARTMENT OF  
HEALTH & WELFARE

C.L. "BUTCH" OTTER- Governor  
RICHARD M. ARMSTRONG - Director

DAVID N. TAYLOR - Deputy Director  
Bureau of Audits & Investigations  
450 West State Street, 9<sup>th</sup> Floor  
P.O. Box 83720  
Boise, Idaho 83720-0036  
PHONE 208-334-5578  
FAX 208-334-5694

January 26, 2011

Don Berg, Manager  
Legislative Audits Division  
Legislative Services Office  
P.O. Box 83720  
Boise, Idaho 83720-0054

Dear Mr. Berg:

On behalf of the Department, we thank you for the efforts of your staff and for the opportunity to respond to your report. The Department of Health and Welfare has reviewed and responded to the recommendations presented in the statewide Comprehensive Annual Financial Report for Fiscal Year 2010. Enclosed is a copy of our reply to each item addressed in the audit.

If you have any further questions, please contact Steve Bellomy 334-0609.

Sincerely,

DAVID N. TAYLOR, CPA, CFE  
Deputy Director

Enclosure

**Idaho Department of Health and Welfare  
Comprehensive Annual Financial Report  
Findings and Department Response  
Fiscal Year 2010**

## **Finding #1**

Medicaid claims payable and related federal grants receivable were underreported.

### Recommendation

We recommend that the Department strengthen the review process and compare estimates to actual activity to ensure that Medicaid claims payable and related grants receivable are properly calculated and reported.

### Department Response

The Department agrees with this finding. The Department reviewed our method for estimating Medicaid claims payable at year end with the auditor and they recommended increasing the estimate from the Department's estimate of \$197 million to \$212 million. The Department agreed that the auditor's method was more accurate so the Department increased the estimated Medicaid payables by \$15 million.

## **Finding #2**

Medicaid provider payments of \$2.5 million did not identify specific claims or include proper coding in the accounting system.

### Recommendation

We recommend that the Department reconcile miscellaneous payments to provider claims and correct the coding in MMIS to indicate the actual service type provided. We also recommend it resolve any under or overpayments resulting from estimated claim payments.

### Department Response

The Department agrees with this finding. Payments coded to Task Code 2990 (Miscellaneous Claims) fall into multiple categories as noted below:

Claims – Claims data sent from the MMIS to the State's accounting system are defaulted to FISCAL Task code 2990 when the Category of Service/FISCAL Task coding structure needs to be updated in the MMIS Financial system. The MMIS Financial team monitors COS/FISCAL Task Code activity weekly to evaluate causes for the incorrect coding and makes appropriate system changes in order to prevent future occurrences. A corrective action plan for adjusting incorrect COS/TASK coding is scheduled for execution during fiscal year 2011.

Interim Payouts – All interim payouts to providers, including Rotary Sight Draft requests, were coded to FISCAL Task 2990 (Medicaid Default). Work is currently underway to recover,

monitor, and report weekly on recovery efforts for interim payouts. Types of recoveries for interim payouts include: payout returned by the provider, cash payments, and claims adjustments.

Non Claims – Some Medicaid capitation payments were coded to FISCAL Task 2990 (Medicaid Default), due to data entry errors by the MMIS contractor where the task code structure was correctly mapped in the MMIS, but not used. The MMIS Financial team will oversee and monitor manually generated capitation payments to prevent future incorrect entries. In addition, corrective actions will be initiated during fiscal year 2011, to adjust the incorrect coding.

### **Finding #3**

Critical system reconciliations have not been completed on a timely basis.

#### Recommendation

We recommend that the Department complete system reconciliations in a timely manner to ensure that all financial activity is properly recorded.

#### Department Response

The Department partially agrees with this finding. Despite employee turnover that created a delay in certain monthly reconciliations, the Department continued to perform critical daily system reconciliations that affected Agency cash and client benefits to ensure that the multiple financial systems were current and in sync. Those reconciliations that were less critical were postponed until the employees assigned to perform this duty were fully trained. Currently, the Department has prioritized all reconciliations that are not current and intends to investigate the best way to automate to insulate the impact from future employee turnover.

### **Finding #4**

Adequate documentation to support \$47,000 of Medicaid expenditures was unavailable.

#### Recommendation

We recommend that the Department and the Division of Medicaid improve recordkeeping and maintain adequate documentation for all Medicaid costs to ensure payments are made to eligible providers for eligible client costs.

#### Department Response

The Department agrees with this finding. These expenditures are for system generated claims and the documentation in support is from multiple source files. We are in the process of gathering the appropriate documentation and will provide it to the auditors when it is available.



## **Finding #5**

Adjustments to revenue transactions are not always properly documented.

### Recommendation

We recommend that the Department retain all documentation for adjustments to revenue transactions to ensure the amounts are properly supported and accurate.

### Department Response

The Department agrees with this finding. The Department has supporting documentation for five of the six revenue transactions identified in the audit. However this supporting information was not always filed with the revenue transaction.

The underlying support for the remaining transaction would be difficult to re-create, but would be possible. For future revenue transactions, we will attach the supporting documentation and explanations to the transaction.



STATE OF IDAHO

# OFFICE OF THE STATE TREASURER

RON G. CRANE STATE TREASURER

Don Berg  
Legislative Audits  
P.O. Box 83720  
Boise, ID 83720-0054

January 7, 2011

Dear Mr. Berg:

In reply to the FY 2010 legislative audit in conjunction with the audit of the *Comprehensive Annual Financial Report (CAFR)*, the Treasurer's Office is in general agreement with the finding included in the report and responds as follows:

Finding #1 – One security was misclassified in the investment pool closing package schedule.

During the process of preparing the closing package, the Treasurer's Office identified a security that had received ratings of A and AA by two different rating agencies. During the closing package preparation process we viewed additional supporting documentation that the A rating was withdrawn and the security maintained only an AA rating. The Treasurer's Office determined that the AA rating was the only applicable rating and used this rating in the initial closing package.

This additional documentation was inadvertently not included in the initial supporting documentation provided to the legislative auditors. It was subsequently provided to the auditors upon their request.

In response to questions raised by the auditors and subsequent discussions as to which rating was the most accurate, the Treasurer's Office resubmitted the closing package with the security rated as an A.

I thank you for the opportunity to respond to the finding in the audit, and appreciate the efforts of the legislative auditors to streamline and improve the operations of our office.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Crane", written over a horizontal line.

Ron G. Crane  
State Treasurer



STATE OF IDAHO

# OFFICE OF THE STATE TREASURER

RON G. CRANE STATE TREASURER

Don Berg  
Legislative Audits  
P.O. Box 83720  
Boise, ID 83720-0054

January 7, 2011

Dear Mr. Berg:

Thank you for the results of the State Treasurer's Office audit in regard to the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. I have reviewed the legislative audit and accept it as presented.

As always it is a pleasure to work with you and your staff. I appreciate your efforts to streamline and improve the operations of our office.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Crane", written over a horizontal line.

Ron G. Crane  
State Treasurer